

Message Text

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70

ACTION EUR-25

INFO OCT-01 NEA-10 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-02 COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03

INR-10 INT-08 L-03 NSAE-00 NSC-10 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SPC-03 SS-20 STR-08 TRSE-00 PA-04

PRS-01 USIA-15 DRC-01 /187 W
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P R 252244Z FEB 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC PRIORITY 2783

INFO AMEMBASSY JIDDA

AMEMBASSY TEHRAN

AMEMBASSY ANKARA

AMCONSUL TORONTO UNN

UNCLAS OTTAWA 0524

STATE ALSO FOR T/IEP

E.O. 11652: N/A

TAGS: ENRG CA IR SA TU

SUBJECT: ENERGY: ENERGY MINISTER MACDONALD'S TALKS IN IRAN
AND SAUDI ARABIA

1. TORONTO STAR OF FEBRUARY 25 CARRIES TEHERAN DATELINED
REPORT BY STAR STAFF WRITER LAVOIE THAT ENERGY MINISTER
MACDONALD STATED IN INTERVIEW IN TEHERAN ON FEBRUARY 23
FOLLOWING MEETING WITH SHAH THAT SAUDI ARABIA AND IRAN ARE
TAKING SHARPLY DIFFERENT APPROACHES ON PRICE THAT ENERGY-
CONSUMING COUNTRIES LIKE CANADA SHOULD PAY FOR FUTURE OIL
IMPORTS. MACDONALD, WHO HAD MET ON PREVIOUS DAY (FEBRUARY
22), ACCORDING TO NEWS REPORT, WITH SAUDI ARABIA ENERGY
MINISTER YAMANI, REPORTEDLY STATED THAT THE TWO BIG OIL
EXPORTERS ARE AT LOGGERHEADS OVER OIL POLICY. IN
EXPLANATION, ARTICLE STATES THAT IRAN WANTS TO SEE OIL
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PRICE RISE EVEN HIGHER BUT THAT SAUDI ARABIA NOW WANTS

A SUBSTANTIAL PRICE CUT OF PERHAPS \$3 PER BARREL.

2. MACDONALD QUOTED AS SAYING "BOTH SAUDI AND IRANIAN GOVERNMENTS TOLD US THEY SEE A DISTINCT CANADIAN VIEW ON OIL THAT IS A VIEW THAT'S DIFFERENT FROM THE U.S. OR BRITAIN." HE IS ALSO ATTRIBUTED WITH SAYING THAT YAMANI HAD NO QUARREL WITH CANADA'S FOREIGN POLICY AND THAT SAUDI OIL SHIPMENTS TO CANADA NOW APPEAR TO BE RETURNING TO NORMAL, INCLUDING PROSPECTIVE SHIPMENTS VIA PORTLAND, MAINE PIPELINE TO MONTREAL.

3. REGARDING CANADIAN EFFORTS TO PROMOTE CANDU NUCLEAR REACTOR IN MIDDLE EAST, MACDONALD SAID THERE IS GOOD CHANCE TO PROMOTE REACTOR FOR IRANIAN USE TO GENERATE ELECTRICITY AND TO REMOVE SALT FROM CASPIAN SEA WATER. HOWEVER, SHAH APPARENTLY MADE CLEAR THAT U.S. AND FRANCE ARE IN RUNNING FOR THESE PROJECTS AND ARTICLE INDICATES STRONGER COMPETITION FROM U.S. FIRMS WHICH ALREADY INVEST HEAVILY IN IRAN.

4. MACDONALD RECEPTION IN BOTH SAUDI ARABIA AND IRAN DESCRIBED AS "CORDIAL BUT NOT STRONGLY COMMITTED." WHILE MACDONALD IS REPORTED TO BE CUTTING MIDDLE EAST VISIT SHORT TO RETURN TO OTTAWA FOR FEBRUARY 28 CABINET MEETING, OTHER MEMBERS OF PARTY ARE PROCEEDING TO ANKARA TO PROMOTE CANDU SALES.
JOHNSON

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